

Economic Development -

Dept. of
Consumer and
Industry Services

1. As Governor Granholm's person in charge of bringing businesses and jobs to Michigan, what steps would you take to make Michigan friendlier to businesses? Would you work to lessen the regulatory burden on businesses? Would you work to lessen the tax burden on businesses?
2. As mayor of Lansing, you have worked to bring jobs and businesses to your city. How would you use your experience in trying to bring jobs and businesses to a local unit of government in implementing programs that would encourage businesses to choose Michigan over another state or even another country? How will promoting Michigan to businesses be the same as promoting Lansing to businesses? How will it be different?
3. What is your opinion of using tax credits as an economic development tool?
4. As head of economic development issues, you will likely have a large role in the functions of the Michigan Economic Development Corporation (MEDC). Do you believe the MEDC should continue in its current form as a public body corporate? If not, what form do you believe it should take?
5. In order to make it easier for businesses to redevelop brownfields rather than to develop greenspace, in 1995 Michigan changed environmental cleanup and liability standards. Are you supportive of the changes that were made in 1995? If not, would your preference be to return to the pre-1995 cleanup and liability standards or make other changes?
6. Currently, Michigan regionalizes the training of its workers through Michigan Works boards and M-TEC's. As the main person in charge of creating economic development in Michigan, how would you ensure that Michigan has properly trained workers to meet the demands of business? Would you keep training on a regional level or would you prefer that it be done in a different manner? Please explain.
7. During the campaign, Governor Granholm stated that she would like to index the minimum wage, unemployment benefits, and worker's compensation benefits. Michigan used to index the unemployment benefits and that resulted in the insolvency of the Trust Fund, which caused the state to borrow over \$1 billion from the federal government. How would you implement indexing the minimum wage, unemployment benefits, and worker's compensation benefits to the rate of inflation or to some other figure? Also, how would you finance the increased costs? Finally, since indexing would increase the cost of doing business in the state, how would you balance your responsibility of creating more jobs in this state with these increased costs to businesses?
8. Are you in favor of a uniform minimum wage in Michigan? Please explain the rationale for your position.
9. Do you believe Michigan's Prevailing Wage Law of 1965 (which mandates that "prevailing rates of wages and fringe benefits" be paid for all construction work performed under contracts financed by the state) helps or hinders economic development?
10. Are you supportive of the "comparable pay" doctrine? If so, how would you have

the government determine the "*comparable worth*" of an entire profession or occupation? Do you believe that a state department is better equipped to make this determination than the free market?

11. During the campaign, Governor Granholm indicated that she would like to increase the number of MIOSHA inspectors. What do you believe is the ideal number of inspectors? How would you propose funding for additional MIOSHA inspectors? Also, during the campaign, Governor Granholm indicated that she would allow workers who feel their workplace is not safe to refuse to work in the unsafe conditions without any negative consequences, such as being terminated. How would you implement such a program?

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David C. Hollister - Michigan Senate Confirmation Questionnaire Responses - 1/10/03

1. Q. *As Governor Granholm's person in charge of bringing businesses and jobs to Michigan, what steps would you take to make Michigan friendlier to businesses? Would you work to lessen the regulatory burden on businesses? Would you work to lessen the tax burden on businesses?*

A. Government cannot create businesses or jobs, but it can help create an environment for investment and growth – that is what we did in Lansing and that is what Governor Granholm has asked me to help her do in Michigan.

Governor Engler created a number of programs to facilitate investment in Michigan – we intend to maintain many, if not all of these initiatives, and to work hard to better coordinate and leverage them.

In Lansing we were successful because we created a series of broad-based, inclusive, diverse Blue Ribbon Committees to develop a unified, regional, comprehensive plan to improve our schools, revitalize downtown, promote our Information Technology sector, and keep and grow General Motors' automobile manufacturing. In all of these efforts, the Chamber of Commerce and local labor leaders participated as equals to meet the challenges facing our community. They even joined together to recruit and elect a slate of candidates for City Council and the Lansing School Board. We were successful because we understood our mutual interdependence. That is the philosophy that brings the old Departments of Labor, Commerce, and Licensing and Regulation (now CIS and Career Development) together. They are not adversaries, but colleagues in a mutual effort to grow our state.

Governor Granholm has asked me to convene for her a Council of Economic Advisors, that would be a broad-based, diverse mix of business and labor leaders to help advise her on how best to grow this state. We seek an open, honest dialogue that hopefully will develop innovative approaches to investment and job creation. Additionally, I will chair a Cabinet-level work group on Economic Growth that will meet regularly to assure that our efforts are strategic, coordinated, and focused.

We believe that by building on the Engler initiatives, having inclusive input from all aspects of our diverse economy, and a better coordinated State effort, we will create an environment for investment, growth, and job creation.

The tax burden on business has been reduced. However, there still needs to be a share of state and local taxes paid by business. Michigan businesses demand and consume services, especially related to physical and human infrastructure. Transportation, sewers, and water infrastructure are critical to business success, as is an educated and trained workforce able to enjoy a high quality of life. Business must help pay its fair share of these costs.

Regulation is appropriate and necessary, but need not be intrusive or burdensome. It is important for the State to work with local governments to facilitate “one-stop-shopping” regarding regulatory activity and permitting. I will utilize the following criteria for every policy, program, and regulation: **“Does this initiative promote economic growth, job creation, and enhance the quality of life for the citizens of Michigan?”**

2. Q. *As Mayor of Lansing, you have worked to bring jobs and businesses to your city. How would you use your experience in trying to bring jobs and businesses to a local unit of government in implementing programs that would encourage businesses to choose Michigan over another state or even another country? How will promoting Michigan to businesses be the same as promoting Lansing to businesses? How will it be different?*

A. My work with Lansing’s two largest private employers – General Motors (GM) and Jackson National Life Insurance (JNL) – did involve encouraging businesses to choose Michigan over another state or country. JNL was considering relocating to Colorado or California when we worked to put together a regional plan to keep them in mid-Michigan. We used a PA 425 agreement with Alaiedon Township, which included a conditional land transfer and revenue sharing, a PA 328 personal property tax exemption, and Community Development Block Grant infrastructure funding to make this work. The State MEDC played a critical role in this process.

With regard to GM, which could have built their new plants anywhere in the world, we used many of the same tools – a PA 425 agreement with Delta Township; a PA 328 personal property tax exemption; PA 198 tax abatements; and state and local infrastructure funding and job training resources. We worked closely with the State, more than 40 local governmental units, the UAW locals, and General Motors to become the only community in the world where an automaker is investing over \$1.5 billion for two state-of-the-art assembly plants.

I believe these experiences provide a road map for future development at the State level. We must be pro-active and competitive with regard to labor force development and tax incentives; work regionally to avoid competing against ourselves and to maximize our attractiveness; and provide water, sewer, and electric utilities that are accessible and competitively priced. This requires a diverse team working together to grow Michigan and our local communities.

3. Q. *What is your opinion of using tax credits as an economic development tool?*

A. Tax credits are an important tool in helping Michigan compete with other states for business location decision. But they are only one tool. To be effective, they must be used in conjunction with accessible and affordable utilities, a skilled labor force, viable education and training programs, and a high quality of life. Our current tax credits and other incentives should be retained and carefully packaged for maximum effect.

Here in Lansing, we have used every available economic development tool – from Renaissance Zones to Neighborhood Enterprise Zone, from PA 198 abatements to PA 328 exemptions, from

tax increment financing to brownfield redevelopment, from MEGA credits to brownfield credits, from interlocal agreements to PA 425 land transfers and revenue sharing agreements. All are useful tools which can be targeted towards different developmental needs.

One of my first acts would be to begin work to extend the sunset on the Michigan Economic Growth Authority (MEGA) Act, which expires at the end of the year. This would be a strong signal to the business community that Michigan is still working hard to attract and retain companies in Michigan. The MEGA program has been instrumental in helping the state attract thousands of jobs since its inception in 1995. While, in a perfect world, states would not have to compete against each other or other countries using tax incentives, the practice is very wide spread, accepted, and not going away. If Michigan is to remain competitive against our competitor states and Canada and Mexico, we need tools like MEGA to do so.

4. Q. *As head of economic development issues, you will likely have a large role in the functions of the Michigan Economic Development Corporation (MEDC). Do you believe the MEDC should continue in its current form as a public body corporate? If not, what form do you believe it should take?*

A. The MEDC has proved to be an effective tool for economic development in Michigan, and I believe that it should be retained in its current form. However, the MEDC needs to work more closely and better coordinate its efforts with other entities that are or will become part of this new department. The MEDC needs the flexibility that its current structure provides, but it must be able to work closely with other members of the team.

5. Q. *In order to make it easier for businesses to redevelop brownfields rather than to develop greenspace, in 1995 Michigan changed environmental cleanup and liability standards. Are you supportive of the changes that were made in 1995? If not, would your preference be to return to the pre-1995 cleanup and liability standards or make other changes?*

A. Yes I am supportive of the changes made in 1995.

Prior to 1995 the liability laws made it very difficult to get contaminated brownfield sites cleaned up and redeveloped. The old law held all owners of a property, past, present, and even future, liable for contamination, even if they did not cause it. This practice discouraged potential owners, developers, and lenders from considering brownfields for redevelopment.

With the change in the law and the advent of the Baseline Environmental Assessment (BEA) requirement, new owners and lenders can now protect themselves from undue costs and manage their potential risks from brownfield redevelopment.

We now have a system that still goes after the responsible party when one is known but we do not punish new owners of a facility for pollution they did not cause. If we really want brownfields to be redeveloped, we must hold harmless those developers and firms who are willing to reuse polluted sites, not punish or burden them with costs to clean up sites they did not

pollute. The current system, which allows these orphaned sites and costs to be paid with local revolving funds, tax increment financing, and the state's environmental clean up fund, is working. Michigan is leading the nation in brownfield redevelopment. An example is the City of Monroe, where two white elephant sites (a former steel castings facility and a former paper mill) have been redeveloped into new, vibrant neighborhood developments.

6. Q. ***Currently, Michigan regionalizes the training of its workers through Michigan Works boards and M-TECs. As the main person in charge of creating economic development in Michigan, how would you ensure that Michigan has properly trained workers to meet the demands of businesses? Would you keep training on a regional level or would you prefer that it be done in a different manner? Please explain.***

A. Workforce development is a key component of economic development. Partnerships between community colleges (and their M-TECs), other training institutions, the local Workforce Development Boards, local economic development agencies and the state (through MEDC and DCD) are in place. The most important part of making sure we have trained workers to meet the demands of business is to ensure we know what the demands of business are. Communication among all the parties is the key. I will make sure there is regular communication among business, labor, education and government.

I have served on our local Workforce Development Board for several years and have seen significant progress in better integrating career education into the K-12 core curriculum in our region. As a member of the State Board, I've seen renewed emphasis and focus on career development and workforce training.

I also support the continuation of training at the regional level. Different regions of the state have different needs. Labor costs, unionization levels, workforce skills, education and training assets, and business demands vary greatly across the state. Some regions have a more industrial base, while others have a tourism or agricultural base. The employers from those areas should be setting the local standards for the training needs rather than the State. For this reason, a regionally based system of Workforce Development Boards makes sense and that is what we have with the Michigan Works Boards and the M-TECs. Business is at the table with the local representatives and the educators. This ensures communication among all the parties so the educators know the needs of business and can provide the necessary training.

7. Q. ***During the campaign, Governor Granholm stated that she would like to index the minimum wage, unemployment benefits, and worker's compensation benefits. Michigan used to index the unemployment benefits and that resulted in the insolvency of the Trust Fund, which caused the State to borrow over \$1 billion from the federal government. How would you implement indexing the minimum wage, unemployment benefits, and worker's compensation benefits to the rate of inflation or to some other figure? Also, how would you finance the increased costs? Finally, since indexing would increase the cost of doing business in the state, how would you balance your responsibility of creating more jobs in this state with these increased costs to businesses?***

- A. Indexing unemployment benefits did not cause the Trust Fund's insolvency – unemployment did. The Michigan Constitution is replete with examples of indexing which were adopted on a bipartisan basis and with the strong support of Michigan's business community. The growth in state revenues, the cap on property tax assessment increases, and the rollback of local property tax millage rates are all constitutionally indexed based on income growth and the change in the consumer Price Index. I see no reason that the minimum wage, unemployment benefits, and worker's compensation benefits could not similarly be tied to the CPI index contained in the Headlee Amendment. In fact, it seems highly appropriate to use this index which has been a part of our Constitution for nearly 25 years.

Again, it is not indexing that increases costs. It is increasing unemployment. A CPI index ensures that the real, inflation-adjusted cost of these benefits does not increase and that the value of these benefits does not decrease.

8. Q. ***Are you in favor of a uniform minimum wage in Michigan? Please explain the rationale for your position.***

- A. Michigan's minimum wage, like that of the federal government, is currently \$5.15 per hour. Legislation has been introduced in recent years to amend the state minimum wage law to prohibit local governments from enacting a "minimum wage requirement" different than the state's minimum wage. This was designed to prohibit local units of government from enacting local living wage ordinances. These ordinances are not across-the-board minimum wage ordinances since they do not apply to all employers. Typically, they require companies who receive government contracts, grants or tax breaks to pay a living wage to those employees working on that project. The actual wage level and its application differ from one government to the next, since they are enacted by local officials. I believe that these type of local decisions should be left in the hands of local elected officials and not pre-empted by the state.

9. Q. ***Do you believe Michigan's Prevailing Wage Law of 1965 (which mandates that "prevailing rates of wages and fringe benefits" be paid for all construction work performed under contracts financed by the state) helps or hinders economic development?***

- A. Michigan's prevailing wage law provides for the payment of decent wages and fringe benefits on construction projects financed with tax dollars. It is a good deal for workers and taxpayers alike, since workers get a living wage and taxpayers get the benefit of skilled, productive workers on the job.

During my years as Mayor of Lansing, every construction project we undertook was bid on the basis of the Prevailing Wage. I saw no evidence that this was a disadvantage to the City in encouraging economic development. In fact, our most critical public and private projects were subject to Project Labor Agreements requiring that all employees on the project be union members or be paid as if they were subject to union contracts. These included public projects

such as Oldsmobile Park and the downtown GM infrastructure project, and private developments including the Jackson National Life World Headquarters, the GM Lansing Grand River Assembly Plant, and the House Office Building.

When you think collaboratively about these seemingly contentious issues, you can come up with creative, win-win solutions as we have in Lansing. We have reached an agreement with our local skilled trade unions to dedicate five cents per hour, per worker, on any city building project that has a project labor agreement, to benefit the HOPE Scholarship Fund. The HOPE Scholarship initiative identifies 500 potentially “at-risk” sixth graders each year and promises them a free two-year education at Lansing Community College if they stay in school, get passing grades, and graduate from high school. This agreement is an example of a strategy where everybody wins.

10. Q. *Are you supportive of the “comparable pay” doctrine? If so, how would you have the government determine the “comparable worth” of an entire profession or occupation? Do you believe that a state department is better equipped to make this determination than the free market?*

A. I support equality between genders and to that end support equal pay for equal work. While I understand the objectives of those who support comparable worth programs, I am concerned about the potentially adverse impact on Michigan businesses. I do encourage all Michigan businesses and government units to periodically review their salary schedules to insure that they reflect equal pay.

Clearly there is room for improvement, since women earn about 73% of the wages that men earn. Government can and should set policy to help correct this inequity.

11. Q. *During the campaign, Governor Granholm indicated that she would like to increase the number of MIOSHA inspectors. What do you believe is the ideal number of inspectors? How would you propose funding for additional MIOSHA inspectors? Also, during the campaign, Governor Granholm indicated that she would allow workers who feel their workplace is not safe to refuse to work in the unsafe conditions without any negative consequences, such as being terminated. How would you implement such a program?*

A. The goal of MIOSHA inspectors should be to reduce the number of injuries and prevent loss of life. Job site safety inspections coupled with strong training programs can help protect workers and save employers money.

Because of the current tight budget situation we should work with Michigan’s Congressional delegation to secure more federal dollars to provide job site safety training and mitigate workplace hazards and consider increased fines for MIOSHA violators to fund additional inspectors, and review current staffing in the department.

A January 8, 2003 New York Times article pointed out how financially desperate employees will often work in dangerous situations just to keep their job and paycheck. Empowering workers to

refuse to work in unsafe situations could help prevent many tragic accidents. Legislation has been introduced in previous legislative sessions to accomplish this goal. Such legislation could establish a process and identify criteria employees and employers could use in these situations.